



Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601
Website kehpn.ky.gov

[Date]

Name
Address
City, State, Zip

Re: Choosing a Waiver General Purpose HRA in 2015

You are currently enrolled in a Waiver Health Reimbursement Arrangement (Waiver HRA) through the Kentucky Employees' Health Plan (KEHP). If you are considering waiving KEHP health insurance coverage and choosing a Waiver HRA for the 2015 plan year, you will need to consider the information in this letter before making a final decision to waive coverage.

KEHP offers two types of Waiver HRAs: A Waiver General Purpose HRA and a Waiver Dental/Vision ONLY HRA. Due to changes in federal law, for 2015, employees who are eligible to waive KEHP health insurance coverage and choose a Waiver General Purpose HRA may do so only if the employee has **other group health plan** coverage that provides **minimum value** and the employee declares, in writing, that the employee has such other coverage. Please refer to the questions and answers in this letter for more information on whether you are eligible to waive KEHP health insurance coverage for 2015 and enroll in a Waiver General Purpose HRA.

What is "other group health plan" coverage?

"Group health plan coverage" means coverage under a plan (including a self-insured plan) maintained by an employer (including a self-employed person) or labor union to provide health care for current or former employees or their families. Group health plan coverage does not include Medicaid, KCHIP, TRICARE, Medicare, veteran's health coverage, Peace Corp coverage, any other governmental insurance plan, student policies, state high risk pool coverage, or individual market coverage, including individual coverage purchased through the Kentucky Health Benefit Exchange (kynect).

What is "minimum value"?

A group health plan provides "minimum value" if the plan pays at least 60% of the total allowed cost of covered benefits/services and participants or members in the plan are required to pay no more than 40% of the total allowed cost of covered benefits/services.

What is a Waiver HRA?

Eligible, active employees may choose to waive KEHP health insurance coverage and select a Waiver HRA that will reimburse the employee for certain medical expenses incurred by the employee and the employee's eligible dependents. There are two options under the Waiver HRA: the Waiver General Purpose HRA and the Waiver Dental/Vision ONLY HRA. If you elect to waive KEHP health insurance coverage and choose one of the Waiver HRAs, your employer will contribute \$175 per month, up to \$2,100 per year, into the HRA.

What is the difference between a Waiver General Purpose HRA and a Waiver Dental/Vision Only HRA?

A Waiver General Purpose HRA will reimburse the employee or the employee's dependents for certain medical expenses such as medical and prescription drug deductibles, co-payments and co-insurance, certain dental and vision services, and medical supplies. The Waiver Dental/Vision ONLY HRA will reimburse the employee or the employee's dependents only for expenses related to vision and dental services.

Am I eligible to choose a Waiver General Purpose HRA if I waive KEHP health insurance coverage?

An employee who is eligible for a Waiver HRA may choose a Waiver General Purpose HRA only if (1) the employee has other group health plan coverage that provides minimum value, and (2) the employee attests or signs a declaration that the employee has other group health plan coverage.

How do I know if my other group health plan coverage provides minimum value?

The employer or the sponsor of the other group health plan coverage can tell you if the group health plan provides minimum value.

What happens to the money in my Waiver General Purpose HRA if I am not eligible to elect a Waiver General Purpose HRA for 2015?

If you are not eligible to elect a Waiver General Purpose HRA for 2015 because you do not have other group health plan coverage that provides minimum value, you may use the funds in your Waiver General Purpose HRA for 2014 to pay or reimburse you for eligible medical expenses incurred during 2014. You must submit claims for reimbursement from your Waiver General Purpose HRA for 2014 eligible medical expenses by March 31, 2015. Any funds remaining after all 2014 eligible medical expenses have been paid cannot be transferred to a Waiver Dental/Vision ONLY HRA for 2015 and will not be available to you.

What happens if I lose my other group health plan coverage during the year?

If an employee elects a Waiver General Purpose HRA and ceases to be covered under another group health plan that provides minimum value, the employee must notify KEHP within 35 days after the date that the other group health plan coverage ends. In this event, coverage under the Waiver General Purpose HRA will be terminated and the employee may elect a KEHP health insurance plan option or the Waiver Dental/Vision ONLY HRA. Any funds remaining in the Waiver General Purpose HRA after termination may be used to reimburse the employee for eligible expenses incurred prior to termination of the Waiver General Purpose HRA. The employee is permitted to permanently opt out of and waive future reimbursements from the Waiver HRA at least annually at open enrollment.

What happens if I choose a Waiver General Purpose HRA but do not have other group health plan coverage that provides minimum value?

You are not eligible for coverage under a Waiver General Purpose HRA unless you declare, in writing, that you have other group health plan coverage that provides minimum value. If KEHP determines that you have made a false certification, your coverage under the Waiver General Purpose HRA will be revoked.

Can I choose a Waiver Dental/Vision ONLY HRA if I do not have other group health plan coverage that provides minimum value?

Yes. You may waive KEHP health insurance coverage and choose a Waiver Dental/Vision ONLY HRA even if you do not have other group health plan coverage that provides minimum value. You are not required to sign a written declaration if you waive KEHP health insurance coverage and choose a Waiver Dental/Vision ONLY HRA. You should bear in mind, however, that you might owe a tax penalty if you do not maintain minimum essential health coverage.

Please use the diagram included in this letter to help you determine if you are eligible to waive KEHP health insurance coverage and elect a Waiver General Purpose HRA. If you have additional questions, you may contact KEHP at 888-581-8834.

CAN I WAIVE KEHP HEALTH INSURANCE COVERAGE AND ELECT A WAIVER GENERAL PURPOSE HRA?

